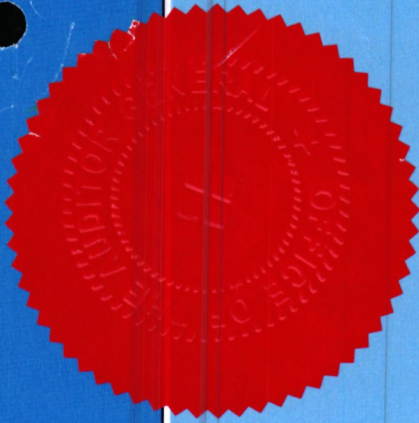



REPUBLIC OF KENYA



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 REPORT NATIONAL ASSEMBLY	
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CLERK-AT THE-TABLE:	Maira Wanjiku

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND -
GICHUGU CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2019**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30034 - 00100, NAIROBI
REGISTRY
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -GICHUGU
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL

YEAR ENDED

JUNE 30, 2019

OFFICE OF THE AUDITOR - GENERAL
EMBU HUB P. O. Box 113 - 60100, EMBU
REGISTRY
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Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Core Values

1. Patriotism – we uphold the national pride of all Kenyans through our work
2. Participation of the people- We involve citizens in making decisions about programmes we fund
3. Timeliness – we adhere to prompt delivery of service
4. Good governance – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. Sustainable development – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF GICHUGU Constituency day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	MARGARET .N.RUGIRI
2.	Sub-County Accountant	FREDRICK MURIITHI KAGAU
3.	Chairman NGCDFC	GEOFREY K .NDURU
4.	Member NGCDFC	JANET .W.NYAGA

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -GICHUGU Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) NGCDF GICHUGU Constituency Headquarters

P.O. Box 234- 10301
DCC COMPOUND
KIANYAGA
KIRINYAGA, KENYA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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(f) NGCDF GICHUGU Constituency Contacts

Telephone: (254) 234-10301 Kianyaga
E-mail: cdfgichugu@ngcdf.go.ke
Website: www.cdf.go.ke

(g) NGCDF GICHUGU Constituency Bankers

1. FAMILY BANK
KUTUS BRANCH
P.O BOX 74145-00200
NAIROBI

(h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

On behalf of the constituents and the NG-CDF Gichugu office, it's my utmost honour and privilege to present the financial report for the year ended 30th June 2019.

During the financial year 2018/2019 the management had a total budget of Kshs. 175,690,500 which included Kshs. 109,040,876 being the allocation for the year and balances brought forward from the previous year amounting to Kshs. 66,649,624. However, the management received a total of Kshs. 120,649,624 during the year translating to 69% of the expected amount. A total of Kshs. 55,040,876 still owed from the NG-CDF board as at 30th June 2019. Of the received amount the management spent Kshs. 113,824,185 on projects, bursary and other administrative costs which translate to 65% of the budgeted amount.

During the financial year 2018/2019 the NG-CDF Gichugu managed to implement and complete a good number of projects. This was made possible by good co-operation between the NG-CDF committee, the PMCs and other stakeholders. The management also completed some ongoing project which had remained outstanding for a long time key among them a multipurpose hall at Kiamwathi Secondary school and Ngariama Secondary school. The management constructed a 67,000 litres septic tank at St Ann Gituba girls Secondary School where the girls were commissioned to use a dormitory that was constructed by the NG-CDF but could not be used without the septic tank. A number of classrooms and toilets were constructed in various schools and are already in use .Key among them include a class at Gacatha Secondary school, Raimu Primary school, Mburi Christian Primary school and Karumandi Boys Secondary school.

A large portion of funds released from the NG-CDF board in the year catered for bursary allocations to secondary schools, universities, tertiary institutions and vocational training of BodaBoda riders within the constituency which was well received by the constituents. The management was also able to sensitize the Boda Boda riders on other cross cutting issues including road safety, drugs and alcohol abuse, NHIF among others during the presentation of interim Driving licences to the trained riders.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Despite these achievements, the management experienced a number of challenges among them high number of requests by some of the institutions within the constituency, especially boarding secondary schools where many required immediate intervention in terms of dormitory and classrooms constructions to accommodate high number of students enrolling following the 100% transition of student from Primary to secondary Schools as per the Government policy. The Primary schools facilities having been in existence for a number of years were calling for major renovations in the classrooms and toilets. Meeting the high demand of funds to cater for all the facilities was quite a challenge for the NG-CDF management. The management however endeavours to utilize the available funds effectively and hope that in future the National Government will consider increasing the NG-CDF allocation to enable implementation of more projects.

Name: *Geoffrey K. Ndumu*

Signature: *[Handwritten Signature]*

CHAIRMAN NGCDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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For the year ended June 30, 2019

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

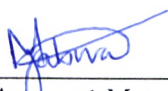
The Accounting Officer in charge of the NGCDF-GICHUGU Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-GICHUGU Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-GICHUGU Constituency further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

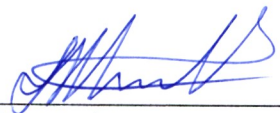
The Accounting Officer in charge of the NGCDF-GICHUGU Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF-GICHUGU Constituency financial statements were approved and signed by the Accounting Officer on 19/09 2019.



Fund Account Manager
Name: Margaret N. Rugiri

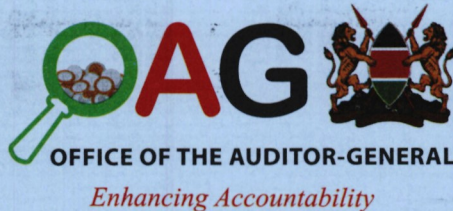


Sub-County Accountant
Name: Fredrick M. Kagau

ICPAK Member Number: 17635

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - GICHUGU CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Gichugu Constituency set out on pages 9 to 41, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Gichugu Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Understated/Overstated Cash and Cash Equivalents Balance

Note 10A to the financial statements reflects Kshs.7,078,439 in respect to cash and cash equivalents balance held in one bank account as at 30 June, 2019. However, the following anomalies were noted;

- i. The respective bank reconciliation statement reflects unrepresented cheques totaling Kshs.3,593,658 which further includes six (6) stale cheques totalling Kshs.30,000 and which had not been replaced or reversed in the cash book as at

31 December, 2019 thereby understating the cash and cash equivalents balance by the same amount.

- ii. Further, the respective bank reconciliation statement reflects Kshs.3,500 in respect to payments in the bank statements not entered in the cashbooks and therefore overstating the cash and cash equivalents by the same amount.

Consequently, the validity and accuracy of the cash and cash equivalents balance of Kshs.7,078,439 as at 30 June, 2019 could not be ascertained.

2.0 Unsupported Disbursed Bursaries

Note 7 to the financial statements for the year ended 30 June, 2019 reflects Kshs.50,744,302 in respect to other grants and other payments which includes Kshs.23,564,510 and Kshs.11,070,000 in respect to bursaries disbursed to secondary schools and tertiary institutions respectively both totalling Kshs.34,634,510. However, out of the Kshs.34,634,510 bursaries disbursed during the year under review, only bursaries totalling Kshs.28,746,643 (83%) were acknowledged through acknowledgement letters/receipts by the beneficiary schools and institutions leaving a balance of Kshs.5,887,867 (17%) unacknowledged.

In the circumstances, it has not been possible to ascertain if the Kshs.5,887,867 bursaries benefited the intended beneficiaries and whether it was expended as appropriated in the year under review.

3.0 Unconfirmed Project Management Committees (PMCs) Bank Account Balances

Note 15.4 to the financial statements reflects Kshs.16,856,271 in respect to the PMCs bank account balances. These balances are part of the Fund's actual development expenditure of Kshs.104,209,697 as reflected in the statement of appropriation: development for the year under review and which was disbursed to PMCs to undertake various projects but remained utilized as at 30 June, 2019. However, bank confirmation certificates for these PMCs accounts were not provided for audit review.

In the circumstances, the validity and accuracy of Kshs.16,856,271 PMCs bank accounts balances for the year ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Gichugu Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.175,690,500 and Kshs.120,902,624 respectively resulting to an under-funding of Kshs.54,787,876 or 31% of the budget. Similarly, the Fund spent Kshs.113,824,185 against an approved budget of Kshs.175,690,500 resulting to an under-expenditure of Kshs.61,866,315 or 35% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Gichugu Constituency

2.0 Project Implementation Status

Review of the project implementation status report compiled by the Fund revealed that sixty-one (61) projects had been budgeted during the financial year under review at a cost of Kshs.161,162,851., Twenty-two (22) projects had been completed at a cost of Kshs.45,615,395 while the remaining four (4) projects, budgeted to cost Kshs.48,006,621 were on going and thirty-five (35) projects with a cost budget of Kshs.67,540,835 had not been started as at the end of financial year under review.

Consequently, due to delay in project implementation, the residents of Gichugu Constituency may not have received the planned benefits from implementation of the projects

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Illegal Labeling of Projects

Note 6 and 7 to the financial statements for the year ended 30 June, 2019 reflects Kshs.46,290,000 and Kshs.50,744,302 in respect to transfer to other government entities

and other grants and other payments respectively both totaling Kshs.97,034,302 being funds for implementing various projects during the year under review.

However, physical verification of the projects carried out in December, 2019 and the photographs availed for audit review reflects that the name of current member of parliament is inscribed in all projects sign labels. This is contrary to Section 25 (3) of the National Government Constituencies Development Fund Act, 2015 which states that funds provided under this Act shall not be used for the purpose of supporting political bodies or political activities or for supporting religious bodies or religious activities.

In the circumstances, the Fund is in breach of the law.

2.0 Unapproved Information Communication Technology (ICT) Hub Expenditure

Note 9 to the financial statements for the year ended 30 June, 2019 reflects Kshs.7,175,395 in respect to other payments, which includes Kshs.4,677,027 in respect to ICT Hub Installation of the internet access and associated services for information, communication and technology (ICT) innovation hub. However, a review of the respective records revealed that there was no public participation and approval from the National Government Constituencies Development Fund Board (NG-CDFB). This is contrary to Section 16(2) of the National Government Constituency Development Fund Regulations 2016 which states a constituency committee shall, upon approval of a proposed project by the board, inform the relevant institution and community of the approval.

In the circumstances, the Fund is in breach of the law.

Further, the bill of quantities and contract signed between the Fund and Telkom Kenya Ltd of Kshs.4,677,027 includes supply of thirteen laptops worth Kshs.505,000 which were not physically verified. In addition, physical verification done in the month of December 2019 revealed that the internet was not operational.

Consequently, the value for money for the Kshs.4,677,027 expenditure for the year ended 30 June, 2019 could not be ascertained.

3.0 Project Verification

Included in the twenty-two (22) completed projects worth Kshs.45,615,395 is the construction of Gichugu East Assistant Commissioner's office project worth Kshs.1,550,000 which was completed in May/June 2019 and officially opened. However, physical verification done in December, 2019 revealed that the project had not been put into use, seven (7) months after completion.

In the circumstances, the value for money for the Kshs.1,550,000 expenditure for the year ended 30 June, 2019 could not be ascertained.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, , I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Nancy Gathungu
AUDITOR-GENERAL

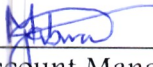
Nairobi


01 October, 2021

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 TH JUNE 2019			
	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	104,448,277	43,405,172
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	<u>253,000</u>	<u>0</u>
TOTAL RECEIPTS		104,701,277	43,405,172
PAYMENTS			
Compensation of employees	4	2,029,040	1,209,862
Use of goods and services	5	7,585,448	3,590,960
Transfers to Other Government Units	6	46,290,000	3,700,000
Other grants and transfers	7	50,744,302	21,035,500
Acquisition of Assets	8	0	0
Other Payments	9	<u>7,175,395</u>	<u>0</u>
TOTAL PAYMENTS		113,824,185	29,536,322
SURPLUS/(DEFICIT)		<u>(9,122,908)</u>	<u>13,868,850</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GICHUGU Constituency financial statements were approved on 19/09 2019 and signed by:


 Fund Account Manager
 Name: Margaret N. Rugiri


 Sub-County Accountant
 Name: Fredrick M. Kagau

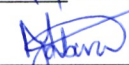
ICPAK Member Number: 17635

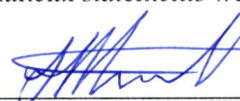
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	7,078,439	16,201,347
Cash Balances (cash at hand)	10B	0	0
Total Cash and Cash Equivalents		7,078,439	16,201,347
Current Receivables			
Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		7,078,439	16,201,347
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	0	0
Gratuity	12B	0	0
TOTAL FINANCIAL LIABILITES		0	0
NET FINANCIAL ASSETS		7,078,439	16,201,347
REPRESENTED BY			
Fund balance b/fwd	13	16,201,347	1,841,376
Surplus/Deficit for the year		(9,122,908)	13,868,850
Prior year adjustments	14	0	491,121
NET FINANCIAL POSITION		7,078,439	16,201,347

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GICHUGU Constituency financial statements were approved on 19/09/19 2019 and signed by:


 Fund Account Manager
 Name: Margaret N. Rugiri


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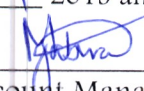
ICPAK Member Number: 17635


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GICHUGU CONSTITUENCY
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For the year ended June 30, 2019

VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2019

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from NGCDF Board	1	104,448,277	43,405,172
Other Receipts	3	<u>253,000</u>	<u>0</u>
Total receipts		104,701,277	43,405,172
Payments			
Compensation of Employees	4	2,029,040	1,209,862
Use of goods and services	5	7,585,448	3,590,960
Transfers to Other Government Units	6	46,290,000	3,700,000
Other grants and transfers	7	50,744,302	21,035,500
Other Payments	9	7,175,395	0
Total payments		113,824,185	29,536,322
Total Receipts Less Total Payments		(9,122,908)	13,868,850
Adjusted for:			
Outstanding imprest	11	0	0
Retention Payable	12A	0	0
Gratuity Payable	12B	0	0
Prior year adjustments	14	0	491,121
Net Adjustments		0	491,121
Net cash flow from operating activities		(9,122,908)	14,359,971
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	0	0
Net cash flows from Investing Activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		(9,122,908)	14,359,971
Cash and cash equivalent at BEGINNING of the year	13	16,201,347	1,841,376
Cash and cash equivalent at END of the year		<u>7,078,439</u>	<u>16,201,347</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GICHUGU Constituency financial statements were approved on 19/09 2019 and signed by:


Fund Account Manager
Name: Margaret N. Rugiri


Sub-County Accountant
Name: Fredrick M. Kagau

ICPAK Member Number: 17635

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
*Reports and Financial Statements
For the year ended June 30, 2019*

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30TH JUNE 2019


Receipt/Expense Item	Original Budget A	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	109,040,876	66,649,624	175,690,500	120,649,624	55,040,876	69%
Proceeds from Sale of Assets	0	0	0	0	0	0
Other Receipts (AIA)	0	0	0	253,000	(253,000)	0
TOTALS	109,040,876	66,649,624	175,690,500	120,902,624	54,787,876	69%
PAYMENTS						
Compensation of Employees	2,342,280	241,040	2,583,320	2,029,040	554,280	79%
Use of goods and services	7,471,002	4,473,327	11,944,329	7,585,448	4,358,881	64%
Transfers to Other Government Units	45,067,000	38,100,000	83,167,000	46,290,000	36,877,000	56%
Other grants and transfers	54,160,594	16,158,230	70,318,824	50,744,302	19,574,522	72%
Acquisition of Assets	0	0	0	0	0	0
Other Payments (ICT and Strategic plan)	0	7,677,027	7,677,027	7,175,395	501,632	93%
TOTALS	109,040,876	66,649,624	175,690,500	113,824,185	61,866,315	65%

- i. The NG-CDF Gichugu had hoped to spend a total of Kshs. 175,690,500 during the year 2018/2019 a total of Kshs. 120,649,624 was received. As at 30th June 2019 a total of Kshs 55,040,876 had not been received from the board.
- ii. On compensation to employees the management spent a total of Kshs. 2,029,040. A total of Kshs. 554,280 was set aside and retained in the account to cater for employees' gratuity at the end of the contract period.

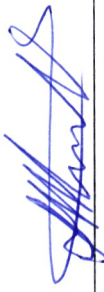
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
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- iii. In regard to use of goods and services the management hoped to spend a total of Kshs. 11,944,329. However, a total of Kshs. 4,358,881 had not been received from the board.
- iv. In regard to transfer to other government units, the management had hoped to spend a total of Kshs. 83,167,000. However, a total of Kshs. 36,877,000 had not been received from the board.
- v. The management hoped to spend a total of Kshs. 70,318,824 in regard to other grants and transfers. However, a total of Kshs. 19,574,522 was yet to be received from the board.

The NGCDF-GICHUGU Constituency financial statements were approved on 19/09/ 2019 and signed by:



Fund Account Manager
Name: Margaret N. Rugiri



Sub-County Accountant
Name: Fredrick M. Kagau
ICPAK Member Number: 17635

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

VIII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE 2019

Receipt/Expense Item	Original Budget A	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	99,227,594	61,935,257	161,162,851	103,956,697	57,206,154	64%
Proceeds from Sale of Assets	0	0	0	0	0	0
Other Receipts (AIA)	0	0	0	253,000	(253,000)	0
TOTALS RECEIPTS	99,227,594	61,935,257	161,162,851	104,209,697	56,953,154	65%
PAYMENTS						
Transfers to Other Government Units	45,067,000	38,100,000	83,167,000	46,290,000	36,877,000	56%
Other grants and transfers	54,160,594	16,158,230	70,318,824	50,744,302	19,574,522	72%
Acquisition of Assets	0	0	0	0	0	0
Other Payments (ICT and Strategic plan)	0	7,677,027	7,677,027	7,175,395	501,632	93%
TOTALS	99,227,594	61,935,257	161,162,851	104,209,697	56,953,154	65%

The NGCDF-Gichugu Constituency financial statements were approved on 19/09/2019 and signed by:



Fund Account Manager
Name: Margaret N. Rugini

Sub-County Accountant
Name: Fredrick M. Kagau

ICPAK Member Number: 17635

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
*Reports and Financial Statements
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IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT FOR THE YEAR ENDED 30TH JUNE 2019

Receipt/Expense Item	Original Budget A	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	9,813,282	4,714,367	14,527,649	9,614,488	4,913,161	66%
Proceeds from Sale of Assets	0	0	0	0	0	0
Other Receipts (AIA)	0	0	0	0	0	0
TOTALS	9,813,282	4,714,367	14,527,649	9,614,488	4,913,161	66%
PAYMENTS						
Compensation of Employees	2,342,280	241,040	2,583,320	2,029,040	554,280	79%
Use of goods and services	7,471,002	4,473,327	11,944,329	7,585,448	4,358,881	64%
TOTALS	9,813,282	4,714,367	14,527,649	9,614,488	4,913,161	66%

The NGCDF-Gichugu Constituency financial statements were approved on 19/09.....,2019 and signed by:



Fund Account Manager
Name: Margaret N. Rugiri



Sub-County Accountant
Name: Fredrick M. Kagau

17635

ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
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X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30TH JUNE 2019

Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,342,280	241,040	2,583,320	2,029,040	554,280
1.2 Committee allowances	2,399,776	548,000	2,947,776	2,082,000	865,776
1.3 Use of goods and services	1,800,000	1,234,586	3,034,586	2,402,898	631,688
1.4 Acquisition of assets		0	0	0	0
Sub-Totals	6,542,056	2,023,626	8,565,682	6,513,588	2,052,094
2.0 Monitoring and evaluation					
2.1 Capacity building	1,371,226	340,000	1,711,226	340,000	1,371,226
2.2 Committee allowances	1,300,000	1,092,680	2,392,680	1,424,000	968,680
2.3 Use of goods and services	600,000	1,258,061	1,858,061	1,336,900	521,161
Sub-Totals	3,271,226	2,690,741	5,961,967	3,100,900	2,861,067
3.0 Emergency					
3.1 Primary Schools		3,900,000	3,900,000	5,100,000	(1,200,000)
3.2 Secondary schools		0	0	560,000	(560,000)
3.3 Tertiary institutions					
3.4 Security projects		0	0	836,000	(836,000)
3.5 Allocated funds	5,738,993		5,738,993	0	5,738,993
Sub-Totals	5,738,993	3,900,000	9,638,993	6,496,000	3,142,993
4.0 Bursary and Social Security					

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
4.1 Primary Schools					
4.2 Secondary Schools	23,000,000	382,510	23,382,510	23,564,510	(182,000)
4.3 Tertiary Institutions	15,000,000	180,000	15,180,000	11,070,000	4,110,000
4.4 Universities					
4.5 Social Security					
Sub-Totals	38,000,000	562,510	38,562,510	34,634,510	3,928,000
5.0 Sports					
5.1 Bal b/d		1,963,792	1,963,792	1,963,792	0
5.2 Allocated funds	2,180,800	0	2,180,800	0	2,180,800
5.3					
Sub-Totals	2,180,800	1,963,792	4,143,792	1,963,792	2,180,800
6.0 Environment					
6.1 Nyanja Primary School	218,080		218,080	0	218,080
6.2 Karumandi Boys High School	218,080		218,080	0	218,080
6.3 Kiamiciri Sec School	218,080		218,080	0	218,080
6.4 Gatugura Primary School	218,080		218,080	0	218,080
6.5 St Thomas Mhuri Primary School	218,080		218,080	0	218,080
6.6 Kanjuu Primary School	218,080		218,080	0	218,080
6.7 Rwambiti Primary School	218,080		218,080	0	218,080
6.8 Kiamwathi Primary School	218,080		218,080	0	218,080
6.9 Mwanianjau Primary School	218,080		218,080	0	218,080
7.0 Githure Primary School	218,080		218,080	0	218,080
Sub-Totals	2,180,800	0	2,180,800	0	2,180,800
7.0 Primary Schools Projects					
7.1 Gatunguru Primary School	1,290,000		1,290,000	1,290,000	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
7.2 Kiambatha Primary School	300,000		300,000	0	300,000
7.3 Guama Primary School	5,000,000		5,000,000	0	5,000,000
7.4 Land Kamwana Primary School	8,000,000		8,000,000	0	8,000,000
7.5 Gikumbo Primary School	600,000		600,000	0	600,000
7.6 Mwanianjau Primary School	400,000	300,000	700,000	300,000	400,000
7.7 Mugumo Primary School	400,000	300,000	700,000	300,000	400,000
7.8 Kiathi Primary School	500,000	250,000	750,000	250,000	500,000
7.9 Karuru Primary School	1,000,000		1,000,000	0	1,000,000
8.0 Kiandai Primary School	1,000,000		1,000,000	0	1,000,000
8.1 Githage Primary School	527,000		527,000	0	527,000
8.2 Kathunguri Primary School		900,000	900,000	900,000	0
8.3 Thuiya Primary School		1,100,000	1,100,000	1,100,000	0
8.4 Rukenya Primary School		1,000,000	1,000,000	1,000,000	0
8.5 Raimu Primary School		2,200,000	2,200,000	2,200,000	0
8.6 Mburi Christian Primary School		1,200,000	1,200,000	1,200,000	0
8.7 Karucho Primary School		200,000	200,000	200,000	0
8.8 Gichonjo-ini Primary School		3,000,000	3,000,000	3,000,000	0
8.9 Kibaro Primary School		1,200,000	1,200,000	1,200,000	0
9.0 Gatugura Primary School		500,000	500,000	500,000	0
Sub-Totals	19,017,000	12,150,000	31,167,000	13,440,000	17,727,000
8.0 Secondary Schools Projects					
8.1 St Anne Gituba Girls Secondary School	3,000,000	7,000,000	10,000,000	7,000,000	3,000,000
8.2 Kavote Secondary School	1,900,000		1,900,000	1,900,000	0
8.3 Ngariama Secondary School	1,700,000	1,000,000	2,700,000	1,000,000	1,700,000
8.4 Githure Secondary School	700,000		700,000	0	700,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
8.5 Kiaumbui Secondary School	4,900,000		4,900,000	0	4,900,000
8.6 Gacatha Secondary School	3,000,000	1,200,000	4,200,000	1,200,000	3,000,000
8.7 Rukenya Secondary School	800,000	2,400,000	3,200,000	2,400,000	800,000
8.8 Kiamugumo Girls Secondary School	5,000,000		5,000,000	5,000,000	0
8.9 Mugumo Girls Secondary School	5,050,000		5,050,000	0	5,050,000
9.0 Gatugura Secondary School		1,650,000	1,650,000	1,650,000	0
9.1 Mutige Secondary School		2,000,000	2,000,000	2,000,000	0
9.2 St Mary Karumandi Boys High School		1,200,000	1,200,000	1,200,000	0
9.3 Gaciongo Secondary School		1,200,000	1,200,000	1,200,000	0
9.4 Nyagithuci Secondary School		600,000	600,000	600,000	0
9.5 Githage Secondary School		1,200,000	1,200,000	1,200,000	0
9.6 Kiamwathi Secondary School		1,000,000	1,000,000	1,000,000	0
9.7 St Marks Thumaita Girls Sec School		5,500,000	5,500,000	5,500,000	0
Sub-Totals	26,050,000	25,950,000	52,000,000	32,850,000	19,150,000
9.0 Tertiary institutions Projects					
9.1					
10.0 Security Projects					
10.1 Kiaruri Assistant Chief Camp	250,000	0	250,000	0	250,000
10.2 Kianjiru Chiefs Camp	1,100,000	800,000	1,900,000	0	1,900,000
10.3 Kathoge Ap Post	150,000	0	150,000	0	150,000
10.4 Gichonjoimi Chief's Camp	250,000	0	250,000	0	250,000
10.5 Gachigi Police Post	2,050,000	0	2,050,000	0	2,050,000
10.6 Kimunye Police Post	1,060,000	0	1,060,000	0	1,060,000
10.7 Kutus Police Post	1,200,000	1,000,000	2,200,000	1,000,000	1,200,000
10.8 Gichugu West Assistant Comm. Office		1,550,000	1,550,000	1,550,000	0
10.9 Gichugu East Assistant Comm. Office		1,550,000	1,550,000	1,550,000	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
*Reports and Financial Statements
For the year ended June 30, 2019*

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
11.0 Karumandi Ap Post		2,000,000	2,000,000	2,000,000	0
11.1 Njuki-ini Acc Office		1,550,000	1,550,000	1,550,000	0
11.2 Kianjiru Assistant Chief's Office				0	
Sub-Totals	6,060,000.00	8,450,000	14,510,000.00	7,650,000	6,860,000
11.0 Acquisition of assets					
11.1 Motor Vehicles					
11.2 Construction of CDF office					
11.3 Purchase of furniture and equipment					
11.4 Purchase of computers					
Sub-Totals	0	0	0	0	0
12.0 Others					
12.1 Strategic Plan		3,000,000	3,000,000	2,498,368	501,632
12.2 Innovation Hub		4,677,027	4,677,027	4,677,027	
12.2 TIVET					
Sub-Totals	0	7,677,027	7,677,027	7,175,395	501,632
GRAND TOTALS	109,040,876	66,649,624	175,690,500	113,824,185	61,866,315

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)

XI. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-GICHUGU Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015.

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SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2019.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

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XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018-2019	2017-2018
		Kshs	Kshs
NGCDF Board			
AIE NO A855811	1		5,500,000.00
AIE NO A896799	2		37,905,172.00
AIE NO A892727	1	400,000.00	
AIE NO B005304	2	28,000,000.00	
AIE NO B005274	3	22,048,277.15	
AIE NO B030241	4	10,000,000.00	
AIE NO B006336	5	6,000,000.00	
AIE NO B030395	6	10,000,000.00	
AIE NO B042739	7	14,000,000.00	
AIE NO B042996	8	14,000,000.00	
TOTAL		104,448,277.15	43,405,172

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	253,000	0
Other Receipts Not Classified Elsewhere	0	0
Total	<u>253,000</u>	<u>0</u>

4. COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	2,029,040	1,209,862
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Other personnel payments	0	0
Total	<u>2,029,040</u>	<u>1,209,862</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Committee Expenses	1,424,000	1,548,200.00
Utilities, supplies and services	85,133	16,465.00
Communication, supplies and services	9,450	10,960.00
Domestic travel and subsistence	0	165,000.00
Printing, advertising and information supplies & services	142,680	91,050.00
Rentals of produced assets	0	0
Training expenses	340,000	541,760.00
Hospitality supplies and services	0	34,000.00
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	983,335	378,865.00
Other operating expenses	2,883,950	682,360.00
Routine maintenance – vehicles and other transport equipment	1,676,900	100,000.00
Routine maintenance – other assets	40,000	22,300.00
Total	7,585,448	3,590,960.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to primary schools (see attached list)	13,440,000	1,200,000
Transfers to secondary schools (see attached list)	32,850,000	2,500,000
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	0	0
TOTAL	46,290,000	3,700,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bursary – secondary schools (see attached list)	23,564,510.00	14,810,500
Bursary – tertiary institutions (see attached list)	11,070,000.00	6,225,000
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	7,650,000.00	0
Sports projects (see attached list)	1,963,792.20	0
Environment projects (see attached list)	0	0
Emergency projects (see attached list)	6,496,000.00	0
Total	50,744,302.20	21,035,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2018-2019 Kshs	2017-2018 Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total	0	0

9. OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan	2,498,368	0
ICT Hub	4,677,027	0
TIVET	0	0
	7,175,395	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
Family Bank, Kutus Branch, Account No. 020000002893	7,078,439	16,201,347.00
Total	7,078,439	16,201,347
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (specify)	0	0
Total	0	0
[Provide cash count certificates for each]		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer or Institution	N/A	0	0	0
Total				0

12A. RETENTION

	2018 - 2019 Kshs	2017-2018 Kshs
Supplier 1	0	0
Supplier 2	0	0
Supplier 3	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

12B. STAFF GRATUITY OUTSTANDING

	2018 - 2019 Kshs	2017-2018 Kshs
John Gititu	130,200	0
Felix Njeru	130,200	0
Mary Murage	93,000	0
Gershon Wachira	55,800	0
Bancy Wanjira	55,800	0
Erick Musyimi	55,800	0
Gabriel Muchira	33,480	0
Add as appropriate		
Total	554,280	0

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	16,201,347	1,841,375.62
Cash in hand	0	0
Imprest	0	0
Total	16,201,347	1,841,375.62
[Provide short appropriate explanations as necessary]		

14. PRIOR YEAR ADJUSTMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	0	491,121
Cash in hand	0	0
Imprest	0	0
Total	0	491,121

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<u>0</u>	<u>0</u>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	0
Middle management	554,280	0
Unionisable employees	0	0
Others (specify)	0	0
	<u>554,280</u>	<u>0</u>

15.3: UNUTILIZED FUND (See Annex 3)

	Kshs	Kshs
Compensation of employees	571,570	312,160
Use of goods and services	3,957,845	1,432,680
Amounts due to other Government entities (see attached list)	0	10,250,000
Amounts due to other grants and other transfers (see attached list)	2,549,024	4,206,507
Acquisition of assets	0	0
Others (specify)	0	0
	<u>7,078,439</u>	<u>16,201,347</u>

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15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	16,856,271	3,700,000
	16,856,271	3,700,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To- Date c	Outstanding Balance 2019 d=a-c	Comments
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2019 d=a-c	Comments
Senior Management						
1.						
2.						
Sub-Total						
Middle Management						
3. JOHN GITITU		130,200		0	130,200	Gratuity payable
4. FELIX NJERU		130,200		0	130,200	Gratuity payable
5. MARY WANJIRA		93,000		0	93,000	Gratuity payable
6. GERSHOM WACHIRA		55,800		0	55,800	Gratuity payable
7. ERIC MUSYIMI		55,800		0	55,800	Gratuity payable
8. BANCY WANJIRA		55,800		0	55,800	Gratuity payable
9. GABRIEL MUCHIRA		33,480		0	33,480	Gratuity payable
10.						
Sub-Total		554,280			554,280	
Unionisable Employees						
I 1.						
Sub-Total						
Others (specify)						
I 2.						
I 3.						
Sub-Total						
Grand Total		554,280			554,280	Gratuity payable

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees		625,400	312,160	
Use of goods & services		2,871,164	1,432,680	
Sub-Total		3,496,914	1,744,840	
Amounts due to other Government		1,900,000	10,250,000	
Sub-Total		1,900,000	10,250,000	
Amounts due to other grants and other transfers		1,179,893	4,206,506.62	
Sub-Total		1,179,893	4,206,506.62	
Acquisition of assets		0	0	
Others (specify)				
Strategic Plan		501,632	0	
Sub-Total		501,632	0	
Grand Total		7,078,439	16,201,346.62	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land	N/A			N/A
Buildings and structures	6,179,329			6,179,329
Transport equipment	4,994,637.99			4,994,637.99
Office equipment, furniture and fittings	918,000			918,000
ICT Equipment, Software and Other ICT Assets	182,000			182,000
Other Machinery and Equipment	56,300			56,300
Heritage and cultural assets	N/A			N/A
Intangible assets	N/A			N/A
<u>Total</u>	12,330,266.99			12,330,266.99

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Gichonjo-ini Primary School	Equity Bank	0190193415299	0	1,200,000
Rwambiti Secondary School	Equity Bank	0100295110138	0	1,300,000
Kiamutugu Secondary School	KCB	1103987364	0	1,200,000
Kiathi Primary School	Equity Bank	0100293801118	0	
Kathunguri Primary School	Equity Bank	0190201389432	0	
Kibaro Primary School	Equity Bank	0100293933628	0	
Kathunguri Primary School	Equity Bank	0190201389432	0	
Gatugura Pri Sch	Equity Bank	0100294095437	0	
Mburi Christian Primary School	Equity Bank	0100295030216	0	
Rukenya Primary School	Equity Bank	0100192089477	0	
Thuiya Primary School	Equity Bank	0100193658331	0	
Karucho Primary School	Co-op Bank	01139034849102	0	
Raimu Primary School	KCB	1250761824	0	
Mwanianjau Primary School	Equity Bank	0100297976123	0	
Mugumo Primary School	Equity Bank	0100293477257	300,000	
Rukenya Sec Sch	Equity Bank	0100293737523	0	
St. Ann Gituba Girls	Equity Bank	0100293794041	0	
Gacatha Sec Sch	Equity Bank	0100293992370	0	
Gatugura Sec Sch	Equity Bank	0100294095454	0	
Gaciongo Sec Sch	Equity Bank	0190296322445	0	
Githage Sec School	Equity Bank	0100267522642	0	
Nyagithuci Sec Sch	Equity Bank	0100294624468	0	
Karumandi Boys High	Equity Bank	0100293932439	0	

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ANNEX 5 (Continued)

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Ngariama Sec Sch	KCB	1103985752	0	
St Ann Gituba Sec School	Equity Bank	0100293794041	0	
St Marks Girls Thumaita	Equity Bank	0100293767152	5,500,000	
Mutige Boys Sec Sch	Equity Bank	0100293590678	0	
Kiamwathi Sec Sch	KCB	1103985574	0	
Kiamugumo Girls Secondary School	Equity Bank	0100293981095	5,000,000	
Kavote Day Secondary School	Equity Bank	0100295456144	1,900,000	
Kutus Ap Post	Family Bank	020000002904	1,000,000	
Gichugu East Asst. Commissioner Office	Family Bank	020000002911	1,550,000	
Gichugu West Asst. Commissioner Office	Family Bank	020000002888	0	
Njuki-Ini Asst. County Commissioner Office	Family Bank	020000002851	1,550,000	
Karumandi Ap Post	KCB	1258795124	0	
Kiaumbui Primary School	Equity Bank	0190194210400	0	
Kiamugumo Primary Sch	Equity Bank	0190193251170	0	
Kiamiciri Primary School	Co-op Bank	0409051507	0	
Kiamwathi Sec Sch	KCB	1103985574	0	
St Thomas Mhuri Pri Sch	Equity Bank	0100295030216	56,271	
Kianyaga Police Station	KCB	1259635813	0	
Total			<u>16,856,271</u>	<u>3,700,000</u>

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1:	Disclosed in Note 7 to the financial statements under other grants and transfers are payments of Kshs. 14,810,500 and Kshs. 6,225,000 for bursary-secondary schools and bursary-tertiary institutions, respectively. However, the acknowledgement letters from the institutions which were paid a total of Kshs. 7,573,000 to confirm receipt of the bursaries were not provided for audit review. Consequently, it has not been possible to ascertain whether the bursary payments amounting to Kshs. 7,573,000 reached the intended beneficiaries and were properly accounted for.	The Gichugu NG-CDF management wishes to confirm that all the funds, amounting to Kshs. 14,810,500 and Kshs. 6,225,000 as stated were all disbursed to benefit the respective beneficiaries. Cheques were issued to the beneficiaries who properly signed in the dispatched registers and presented to various institutions. A good percentage (64%) of acknowledgements receipts were received in the NG-CDF offices. However, the NG-CDF is in communication with the postal corporation of Kenya with the aim of engaging the corporation to deliver bursary cheques to the various institutions and obtain acknowledgement letters/receipts to improve on the acknowledgement.	FAM- Margaret N. Rugiri		Continuously